

ASSEMBLY BILL

No. 822

Introduced by Assembly Member Cooley

February 26, 2015

An act to add Section 1063.18 to the Insurance Code, relating to insurance.

LEGISLATIVE COUNSEL'S DIGEST

AB 822, as introduced, Cooley. Insurance: California Insurance Guarantee Association: insolvency.

Existing law creates the California Insurance Guarantee Association (CIGA) and requires all insurers admitted to transact insurance in this state to become members. Existing law requires CIGA to collect premium payments from members and to discharge covered claims, as defined, of an insolvent insurer. CIGA is required to allocate its claim payments and costs based on categories of insurance, including, but not limited to, workers' compensation claims and homeowners' claims.

This bill would provide that the laws described above governing CIGA do not require the final adjudication of claims in an insolvent insurer's liquidation proceedings before a covered claim may be submitted to CIGA. The bill would provide that these laws also do not require a claim to first be adjudicated and approved by the liquidator before CIGA pays and discharges a covered claim. The bill would also provide that if the association provides written denial of a claim, the person asserting the claim has one year to bring an action against the association challenging the denial. This bill would also provide that if the written denial is based on a failure to exhaust other insurance available to pay the claim, a claim must be reasserted against the association within 6 months after all other insurance has been exhausted.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 1063.18 is added to the Insurance Code,
2 to read:
3 1063.18. (a) Nothing in this article requires the final
4 adjudication of claims in an insolvent insurer's liquidation
5 proceedings before a covered claim may be submitted to the
6 California Insurance Guarantee Association (CIGA). Nothing in
7 this article requires a claim to first be adjudicated and approved
8 by the liquidator before CIGA pays and discharges a covered claim.
9 If a claim is presented to the association and all requirements for
10 processing a covered claim are satisfied, the association shall
11 process the claim for payment under this article.
12 (b) If the association provides a written denial of a claim, the
13 person asserting the claim shall have one year to bring an action
14 against the association challenging the denial. If the written denial
15 is based on the failure to exhaust other insurance available to pay
16 the claim, a claim must be reasserted against the association within
17 six months after all other insurance has been exhausted.